

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 L-03 INT-05 PA-01  
PRS-01 /067 W  
-----052758 020906Z /20

R 011757Z NOV 77  
FM AMEMBASSY MEXICO  
TO SECSTATE WASHDC 6044  
INFO AMEMBASSY KINGSTON

C O N F I D E N T I A L MEXICO 18242

EO 11652: GDS  
TAGS: EAID, EMIN, JM, MX, XL  
SUBJECT: MEXICAN-JAMAICAN ALUMINUM PROJECT

REF: MEXICO 8260

1. ON OCTOBER 18, EXCELSIOR REPORTED THAT JALUMEX, THE MEXICAN-JAMAICAN GOVERNMENTAL COMPANY FORMED TO PRODUCE ALUMINUM, HAD FINALIZED ITS LONG-PENDING PROPOSAL (REFTEL) FOR A MAJOR JOINT INVESTMENT IN ALUMINUM PROCESSING PLANTS IN BOTH COUNTRIES. ACCORDING TO THE PRESS REPORT, 70 PERCENT OF THE HALF BILLION DOLLAR INVESTMENT WILL BE MADE IN MEXICO WHERE AN ALUMINUM PLANT WILL BE CONSTRUCTED WITH AN ANNUAL CAPACITY OF 146,000 TONS. A COMPLEMENTARY ALUMINA PLANT WILL BE CONSTRUCTED IN JAMAICA (CAPACITY NOT MENTIONED). IN BOTH CASES THE INVESTMENT WILL BE 51 PERCENT PROVIDED BY THE HOST GOVERNMENT, 29 PERCENT BY THE GUEST GOVERNMENT, AND 20 PERCENT BY THIRD PARTIES (UNSPECIFIED). BOTH THE JAMAICAN EMB-  
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ASSY AND MINING SOURCES CONFIRMED THAT THE ARRANGEMENTS DESCRIBED IN THE PRESS REPORT HAVE INDEED BEEN INCORPORATED INTO AN AGREEMENT THAT HAS BEEN INITIALED BY THE TWO GOVERNMENTS. ACCORDING TO THE JAMAICAN EMBASSY, THE MAJOR STUMBLING BLOCK (REPORTED REFTEL)--PRICING POLICY--HAS BEEN RESOLVED.

2. ALTHOUGH THE AGREEMENT HAS BEEN INITIALED, THERE IS STILL A POSSIBILITY OF THE GOM PULLING OUT BEFORE SIGNING IF THE "TECNICOS" DECIDE THAT MEXICO CAN FIND CHEAPER SOURCES OF ALUMINUM. BECAUSE OF THIS APPARENT WORRY, THE GOJ HAS CONTACTED THE GOM "AT THE HIGHEST LEVELS" TO URGE THAT A PUBLIC SIGNING CEREMONY BE ARRANGED SOON. MEANWHILE THE JAMAICAN EMBASSY IS SITTING ON PINS AND NEEDLES, AS IT HAS BEEN FOR THE PAST YEAR, WAITING FOR THE FINAL WORD.

3. EMBASSY MINOFF COMMENT: AS REPORTED IN REF, PENOLES IS STILL IN THE PROCESS OF EVALUATING THE RUSSIAN BENEFICIATION METHOD. IF IT IS ECONOMICAL, THE JAMAICANS ARE LIKELY TO FIND THEMSELVES WITH AN ALUMINA PLANT BUT NO FIRM BUYER FOR ITS OUTPUT. LUCEY

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ALUMINUM, JOINT VENTURES, INDUSTRIAL PLANTS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Reference:** 77 MEXICO 8260  
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**Review Markings:**  
Margaret P. Grafeld  
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